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RUEHCV/AMEMBASSY CARACAS 1793
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RUEHMN/AMEMBASSY MONTEVIDEO 4007
RUEHQT/AMEMBASSY QUITO 4428
RUEHSG/AMEMBASSY SANTIAGO 8997
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C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 002505

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SUBJECT: BOLIVIA'S MCC FOCAL POINT EXPLAINS RESIGNATION,
FRUSTRATIONS

Classified By: Amb. David N. Greenlee for reasons 1.4 (b) and (d).

11. (C) SUMMARY: Poloffs met with Bolivia's Millennium Challenge Corporation (MCC) point of contact, Javier Hurtado, on September 15 to discuss his still non-public resignation and to obtain his assessment of Bolivia's Millennium Challenge Account (MCA) proposal. Frustrated with inadequate financial resources to hire a professional staff and a lack of access to GOB officials with decision-making authority, Hurtado submitted his resignation this week. Faulting the inexperience of Morales' cabinet, Hurtado asked the United States to remain patient, emphasizing how important the MCA compact is for the country and arguing it can still move forward. Putting his resignation and the MCC into a broader context, Hurtado said President Morales recognizes the potential benefits of a MCC compact and solid relations with the United States. Hurtado argued that even with his resignation, Bolivia's MCC work can proceed. It is an open question whether the Morales administration can get this effort back on track, but we will continue to monitor developments closely. END SUMMARY.

12. (C) Poloffs met with Bolivia's Millennium Challenge Corporation (MCC) Point of Contact, Javier Hurtado, September 15 to discuss his still unannounced resignation and to obtain his assessment of Bolivia's Millennium Challenge Account (MCA) proposal. Hurtado explained that after five months of little progress and no demonstrable GOB support, he resigned earlier this week. Hurtado complained the GOB provided him with inadequate financial resources to hire a professional staff. He said he had nonetheless recruited a solid team only to find out that GOB budget cuts entailed even lower salaries for his staff. His efforts to meet with GOB officials about the resources he needed were met by low level responses and government ineptitude. Faulting the inexperience of Morales' cabinet, Hurtado said despite the GOB's last-minute offers to increase his salary, he would not stay on as the MCC point of contact.

13. (C) Hurtado asked poloffs to maintain the privacy of his resignation, as the GOB has not yet announced it. When asked if his MCC work had been discontinued following his resignation, Hurtado joked that it had scarcely begun.

However, Hurtado said he hoped his resignation would spur the GOB to move forward on a MCC proposal. He noted that the International Development Bank (IDB) has the resources, office space, and personnel to handle Bolivia's MCC proposal.

Further progress will depend on GOB political will. Hurtado said existing MCC team members have the experience and capacity to continue with Bolivia's MCC proposal, but signaled the need for adequate funding to do so. He implored the USG to be patient with Bolivia regarding its MCC proposal, emphasizing how important it is for the country.

14. (C) Putting his resignation and the MCC into a broader context, Hurtado said President Morales recognizes the potential benefits of a MCC compact and solid relations with the United States. While somewhat critical of the United States' early caution of the Morales government, Hurtado claimed Morales now realizes Chavez' assistance is driven by Chavez' own political interests. In an effort to demonstrate the GOB's naivet, Hurtado recalled that a month ago, he suggested that Morales delegate more to his cabinet officials and distance himself from potentially hazardous political issues. Hurtado claimed that Morales responded by admitting that he sometimes forgets he is president.

15. (C) COMMENT: Javier Hurtado's resignation is a step backward for the GOB and its efforts to secure the benefits of an MCC compact. His comments suggest the GOB wants an MCA compact but that its inexperience prevents it from moving forward. Hurtado was unaware or unwilling to say when his resignation will become official. His tale of GOB bureaucratic fumbling, disorganization, and political naivet is unfortunately all too familiar. It is an open question whether the Morales administration can get this effort back

LA PAZ 00002505 002 OF 002

on track, but we will continue to monitor developments closely. END COMMENT.
GREENLEE